

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	7230	Agenda Number	79.
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Meeting Date:	6/23/2011	Department:	Telecommunications and Reg Affairs
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Subject

Approve second reading of an ordinance granting a franchise agreement to Bluebonnet Electric Cooperative ("BEC") for use of the City's rights of way for placing facilities or equipment to provide electric utility services within BEC's certificated area.

Amount and Source of Funding

Estimated annual franchise revenue in the amount of \$72,000 is anticipated under this franchise agreement.

Fiscal Note

Purchasing Language:	
Prior Council Action:	Original Franchise Ordinance No. 990701-33 granted on July 1, 1999. 1st Reading of Bluebonnet Electric on June 9, 2011.
For More Information:	Rondella M. Hawkins, Manager of the Office of Telecommunications and Regulatory Affairs; 512-974-2422
Boards and Commission Action:	
MBE / WBE:	
Related Items:	

Additional Backup Information

Bluebonnet Electric Cooperative, Inc. (BEC) is a rural electric cooperative that provides electric utility service to approximately 1,100 meters in the eastern part of the City of Austin. The City annexed the area in which BEC is authorized by the Public Utility Commission of Texas to provide service. BEC's current franchise expires on August 30, 2011.

Key terms of the non-exclusive franchise agreement are as follows:

- * Term: 10-year initial term with 5-year extension for total of 15 years;
- * Compensation: Franchise Fee of three (3) percent of gross revenues paid to the City on quarterly basis;
- * A "right to purchase" provision that is required by City Charter; and
- * Standard Terms including: Abide by City's current street-cut and other regulations; City granted right to audit; Indemnification for the City; Requirement to relocate facilities at BEC's expense to accommodate City road construction or other improvements.

Terms modified since first reading at the request of Bluebonnet:

- * City's repurchase option price set at 1.5 time fair market value;
- * Notice by City to Bluebonnet required after the City annexes new areas with Bluebonnet account customers; and
- * City's audit right limited to 3-years prior, set to coincide with Bluebonnet's records retention schedule.